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ADDIS FOR LBRODEY
DEPARTMENT FOR AF/C
DEPARTMENT PASS USTDA: UISZLER
DEPARTMENT PASS USTR: WJACKSON
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SUBJECT: RWANDA MONTHLY ECONOMIC REVIEW

// NOTE: This telegram replaces/updates Kigali 00633. //

BUDGET SUPPORT

1. The British Department for International Development (DFID) approved approximately USD 70 million for direct budget support to Rwanda for 2007. This is part of the British government's increased commitment to support the GOR in poverty reduction, maintaining peace, stability and improving financial management and accountability.

2. In a further demonstration of the international community's trend towards budget support, the Federal Republic of Germany pledged to increase budgetary support to Rwanda from USD 30 million to USD 50 million.

ON THE WORLD STAGE

3. Rwanda hosted the 2007 HIV/AIDS Implementer's Conference from June 13-19 which including almost 2,000 delegates. Lauded as an impressive success by most participants, the conference is the second international conference Rwanda has hosted within a period of four months. The first one this year was the International Women Parliamentary Conference held on February 22-23 under the theme "Gender, Nation Building and the Role of Parliaments."

4. On June 30, Rwanda hosted Kwita Izina, an annual baby gorilla naming ceremony at Virunga National Park, the country's signature tourist location. The ceremony, part of a larger effort to brand Rwanda as a world-class tourist destination, raised money for the park and attracted celebrities such as Jack Hanna and Natalie Portman, Macy's CEO Terry Lundgren, and many dignitaries.

5. Rwanda enters the EAC. On June 18, in a signing ceremony in Kampala, Rwanda and Burundi joined the EAC. (See SepTel.)

6. The GOR will open an Embassy in Sweden in the next few months. Jacqueline Mukangira, an RPF member of the Chamber of Deputies, has been nominated to become the Ambassador. She graduated from the National University of Rwanda and worked for the Norwegian People Aid (NPA) before joining the Parliament. Rwanda has not had diplomatic representation in Scandinavia since 1994, although Oscar Kiwanuka, current director general of ORINFOR, was appointed as the Ambassador to Sweden in 1995. The appointment was eventually rescinded for budgetary reasons. Sweden is the largest Scandinavian

donor to Rwanda, and the Embassy will also serve to help open more markets to Rwandan exports.

DEVELOPMENT PROJECTS

¶17. The British Department for International Development (DFID) launched a project called Science, Technology and Innovation for Results (STIR) worth USD 1 million. The initiative will promote science and technology in the country, assess what the country's development needs with the goal of improving per capita income.

¶18. Mr. Jacques Roy, President and Director General of the Canadian Consortium for Development in the Tourist and Hotel Sector in Africa (CCDTHA), announced plans to build a USD 15 million four star hotel in Kigali. In partnership with Merici College, CCDTHA will also launch a tourism and hotel training college in August 2007. The tourism and hotel training institute will be the first in Rwanda to issue degrees to graduates.

¶19. The race for extracting methane gas from Lake Kivu continues to attract international engineering firms. The GOR recently ended its relationship with Dane Associates, cancelling the company's concessionary rights to exploit the methane from Lake Kivu. Ludan Technologies, an established Israeli firm that was subcontracted by Dane Associates, continues work on the pilot project in direct partnership with the GOR. The GOR recently awarded the Rwanda Investment Group (RIG), in partnership with Echo Energy from Kenya and several French and South African engineers, rights to exploit the methane in Lake Kivu. RIG is currently negotiating with Syntroleum, a US company, to potentially convert the methane gas into liquid.

COMMERCIAL HIGHLIGHTS

¶10. Rwanda Investment and Export Promotion Agency (RIEPA) together with private shipping company COIMEX exported 35 tons of assorted food products to Oman. COIMEX also opened a distribution center for Rwandan products in Oman. The consignment includes cow ghee, passion fruit juice, sweet bananas, cassava flour, and chili. The decision follows a larger GOR initiative to find markets in the Middle East, most specifically in Egypt and the Gulf countries.

¶11. The entire Board of Directors of the Bank of Commerce, Development, and Industry (BCDI) was charged with having led the bank to financial ruin, having been added to the GOR's prosecution of former BCDI CEO, Alfred Kalisa. As a sign of enhanced corporate stewardship, this is the first time in Rwanda that directors of a company, including a director representing RPF-controlled holding company TRISTAR, are being held liable for the financial well-being of a company.

¶12. West African Bank buys majority share in BCDI. The GOR announced the purchase of a majority share of BCDI on June 29 by ECOBANK, a Togo-based financial enterprise with branches throughout West Africa. ECOBANK will assume the debts of BCDI and recapitalize the bank. ECOBANK intends to expand its operations into East Africa and Southern Africa. Several officers from ECOBANK's Ghanaian operations will take day to day control of the bank. Their efforts will be overseen by one ECOBANK's regional managers.

¶13. In a break from its 2006 ban on poultry imports, the GOR has begun to import fast growing chicks from Malawi. Before the ban, a local chicken cost USD 2 while it now costs USD 7. This initiative aims to address the domestic scarcity and eventually reduce prices.

¶14. Ebony Enterprises, an Israeli firm, in partnership with Genesis Limited, a local company, has introduced high-yielding animal feeds and artificial semen from Israel to revolutionize dairy farming in Rwanda. Genesis dairy feeds can increase milk yield up to 10 liters per day.

¶15. The booming construction industry and limited production capacity of the Rwandan cement industry has raised the cost of cement by 65 percent. The retail price of 50 kg of cement increased from USD 13 to USD 20. The largest cement factory will soon shut operations for planned expansion, further exacerbating the cement

shortage.

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